Weekly Economic Review

Employment rebounds in December

Employment

Solid finish for employment

Alberta's labour market got a welcomed boost in December, partially reversing the job losses in the prior month. Employment increased by 6,900 month-over-month (m/m), reflecting gains in full-time positions (+18,500 m/m) which outweighed losses in part-time jobs (-11,600 m/m). While full-time employment rose at a solid pace, the increase mainly occurred in self-employment (+11,900 m/m) and the public sector (+7,300 m/m) whereas private sector positions fell (-12,300 m/m). Meanwhile, the labour force participation rate retreated back to its September 2016 level of 72.7%. This, combined with the solid gains in employment, brought down the unemployment rate by half a percentage point to 8.5% in December. (Chart 1)

Merchandise Trade

Energy exports continue to rally

Alberta exports rose for the second consecutive month as improving oil prices boosted energy exports. Exports rose 9.4% m/m to $7.6 billion in November. On a year-over-year (y/y) basis, exports grew for the second consecutive month (13% y/y) fueled by a surge in energy exports (24% y/y). Meanwhile, non-energy exports remain subdued, down 5.0% y/y. They were dragged down by industrial machinery, equipment, and parts (-37% y/y), metal and non-metallic mineral products (-8.4% y/y) and forestry products (-8.1% y/y).

Average Weekly Earnings

Earnings continue to fall

Average weekly earnings (AWE) dipped to the lowest level since the Wood Buffalo wildfires. AWE fell 0.9% m/m to $1,106 in October, largely reflecting lower earnings in the service sector (-1.0% m/m), most notably in administrative and support and waste management (-7.1% m/m), transportation and warehousing (-4.7% m/m), and finance and insurance (-1.6% m/m). Meanwhile, AWE in the goods producing sector was largely unchanged, propped up by higher earnings in utilities (+1.7% m/m), mining, quarrying and oil and gas (+1.1% m/m) and manufacturing (+0.6% m/m). While earnings in the province were down 2.6% compared to last year, they remained the highest in the country.

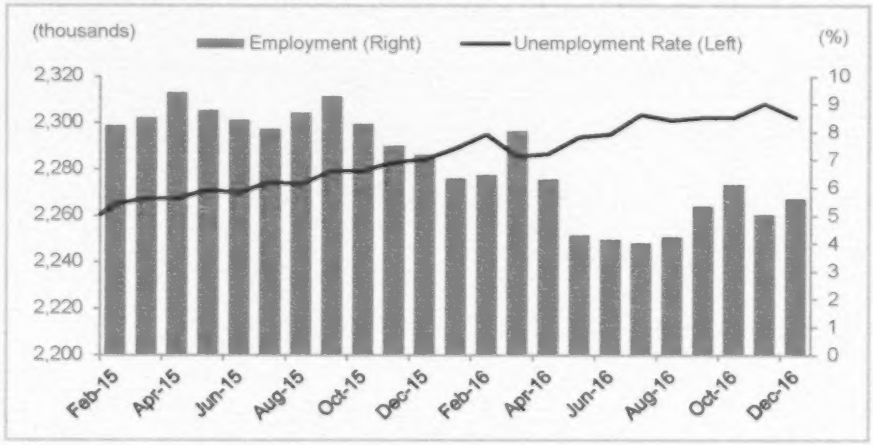
Retail Sales

Consumer spending improves but remains lacklustre

Retail sales in Alberta inched up for the third straight month in October but remained weak. Retail sales rose 0.8% m/m to $6.2 billion but were down 0.7% compared to last October. On a year-over-year basis, several major categories posted declines, including motor vehicle and parts (-8.1%) and gasoline stations (-9.4%) as well as other durable items such as furniture and home furnishings (-9.9%) and building materials and garden supplies (-10.3%). Conversely, sales rose in health and personal care stores (+11.9% y/y), miscellaneous retailers (+10.4% y/y), general merchandise (+5.4% y/y) and sporting goods, hobby and book stores (+4.1% y/y). Year-to-date, retail sales were down 1.9%.

Chart 1: Employment rises in December, jobless rate retreats

Alberta unemployment rate and employment level



Source: Statistics Canada

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.

Alberta Government

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Treasury Board and Finance
Economics and Revenue Forecasting